Illinois Energy Solutions
Questions for Interested Parties

The Illinois Commerce Commission ("ICC" or "Commission") initiated the Illinois Energy Solutions forum to discuss the upcoming changes to the Illinois retail electric market and how best to prepare consumers for this change. The ICC intends to examine energy price increases and to determine how best to ensure appropriate consumer education and protection measures, in light of those increases, both for the short-term and long-term.

The first step in that process occurred on June 1, 2006 when the Commission held a Special Open Meeting. Dr. Howard Gruenspecht, Deputy Administrator for the Energy Information Agency ("EIA/DOE"), described trends and projections for generation fuel prices. Bill Brier, Vice President of Policy and Public Affairs for the Edison Electric Institute ("EEI"), described trends in electric rates and projections for electric rates based on increasing fuel costs. Based on the information from these presentations, electricity prices are likely to increase.

The Commission is now faced with the challenge of finding ways to help retail electric customers cope with higher bills in the short-term and to create a more efficient system in the long-run. The next step in this forum will be to seek comments from all interested parties on that challenge. Responses are due July 20, 2006.

Short-Term Solutions

The Commission is seeking ways to immediately help customers cope with rising electric costs. These should be solutions that can be initiated quickly—within a six-month time frame—and have a noticeable impact in lowering energy bills.

Consumer Education

1. What types of programs could be introduced in Illinois to provide consumers the tools and information they need to better monitor, manage and control their electricity consumption and thus their energy bills? How should the success of these programs be measured?

2. What role should the various stakeholders take in educating consumers? What should that level of effort be?
    a. Commission
    b. Utility companies
    c. State of Illinois
    d. CUB and other consumer interest groups
    e. Others

3. The Commission is considering initiating a workshop process to provide interested parties with the opportunity to provide input on how educational material should be

designed, what topics should be covered and how the materials should be disseminated. Is there value in such a workshop and what specific issues should be addressed? Please explain.

4. What short-term education efforts are being planned in response to the ComEd rate stabilization docket (06-0411) and the Ameren securitization (06-0448) docket?

5. Who should take the lead role in promoting the education effort? Please explain.

6. What programs have other states undertaken to educate consumers on how to deal with high energy bills? How successful are these programs? How is success measured? Which programs are applicable to Illinois?

7. What programs have been or are being implemented in other states to mitigate rising energy costs?

8. Describe any education efforts associated with demand response, energy efficiency, real-time pricing, LIHEAP and the impending rate increases that are planned or currently underway. Provide all documents associated with the education efforts.

9. How well can residential customers get information on their power use in a timeframe in which they can change their behavior? How can this be improved?

10. Tell us about existing demand response programs available to electric utility customers in Illinois.
    a. How do they work?
    b. Who is eligible to participate?
    c. How does one enroll?
    d. What are the terms and conditions?

11. Tell us about existing energy efficiency programs available to electric utility customers in Illinois.
    a. How do they work?
    b. Who is eligible to participate?
    c. How does one enroll?
    d. What are the terms and conditions?

12. What is the marginal cost of air conditioning load during the summer months (June, July, and August)?
    a. How does that marginal cost vary over a day?
    b. How do we convey that cost information to consumers?
    c. What tools do they need to respond to those cost signals?
13. Given the short timeframe, what role can digital technology play in enabling consumers to change their behavior? What digital technologies exist that may be implemented in the short-term?

Low-income Consumer Assistance

1. What impact will higher electricity prices have on various income groups?
    a. What will the overall impact be on households? Small businesses?

2. Tell us about LIHEAP.
    a. How much money is available?
    b. Who is eligible to participate?
    c. Will there be more LIHEAP funds available to coincide with the impending rate increases?
    d. What efforts are underway at the state and federal levels to increase LIHEAP funding for low-income customers served by Illinois electric utilities?
    e. How does one go about applying for LIHEAP funds?
        i. Can the process be streamlined? Explain.

3. According to survey information released by the Bureau of Labor Statistics, lower-income households currently pay a disproportionately higher percentage of their income for electricity. How can this be mitigated going forward?
    a. Should special programs be implemented to alleviate the impact of price increases? Why or why not?
    b. If yes, what should those programs be?
    c. What role is there for low-income targeted installation of technologies, *e.g.*, programmable thermostats, price-responsive appliances, digital meters, etc.?
    d. Would low-interest loans for homeowner insulation, energy-efficient appliances, etc. be worthwhile? Please explain.

4. Will the existing energy assistance programs (e.g., LIHEAP) be sufficient to help offset the additional costs incurred by low-income consumers?
    a. Should additional funding be sought to help low-income consumers?
    b. If so, what is the best way to use those funds, e.g. bill assistance programs, weatherization, digital thermostats, metering, price-responsive appliances, etc.?

Longer-term solutions

In February 2006 the U.S. Department of Energy released a report entitled "Demand Response in Electricity Markets and Recommendations for Achieving Them." See, http://www.electricity.doe.gov/documents/congress_1252d.pdf.
The study found that by more closely aligning the retail price of electricity with its cost of production as it varies over time, customers will be able to assign a value to their consumption of electricity and make a better determination of when to use it. That is, flat rate electricity prices prevent consumers from knowing the true cost of their choice of how much power to use. The demand response enabled by this knowledge produces a

number of benefits, including lower consumer bills and lower wholesale market prices, reduced need for new generation and transmission capacity and reduced stress on existing infrastructure.

Consumer Education

1. What is the best way to convey to consumers that they have the ability to control their electricity bill, for example by reducing peak load consumption?
    a. How can this change in behavior be institutionalized?
    b. Should financial incentives be given to customers to reduce their peak load consumption?
    c. How should the information about hourly prices be conveyed to consumers? Who should be responsible for providing that information? Can this information be easily provided? Why or why not?

2. What education programs are being implemented in other states to inform consumers about the long-term impact of programs designed to mitigate rising energy costs?

3. What long-term education efforts are being planned in response to the ComEd rate stabilization docket (06-0411) and the Ameren securitization (06-0448) docket?

Demand Response

1. What is the best way to incent customers to reduce peak-load consumption? Please explain.

2. There are a number of mechanisms available to help customers reduce their demand for electricity. Please comment on the economic, operational and reliability costs and benefits associated with the following:
    a. Rate design
    b. Information and metering
    c. Demand management
    d. Distributed generation

3. What role can technology play in enabling residential demand response?

Energy Efficiency/Conservation Initiatives

1. How have residential consumer consumption patterns changed over the last ten years?
    a. Residential consumers continue to acquire more and more electronic appliances and gadgets. How has the increased reliance on electronics altered consumption trends?
    b. Are there noticeable trends based on income class?

2. What is the consumption trend for commercial/small industrial customers?

3. How can pricing signals or changes in rate design be implemented to provide a more timely information flow to the customer and how should that timeliness be accomplished? How important is the timing of the information flow? Please explain.

4. What role could digital technologies play in promoting conservation?
    a. What are the benefits of such technologies?
    b. What are the costs of implementing such technologies?

5. Should utility companies be actively promoting energy conservation programs? Why or why not?
    a. Who should be the recipients of those programs?
    b. How should the costs associated with those programs be recovered?